



California Competes Tax Credit FAQ

Q1. What is the California Competes Credit?

A1. The California Competes Credit is an income tax credit available to businesses that want to come to California or stay and grow in California. Tax credit agreements will be negotiated by GO-Biz and approved by a newly created “California Competes Tax Credit Committee,” consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee from the Senate, and one appointee of the Assembly.

Q2. What factors will GO-Biz consider to determine the amount of the credit?

A2. The amount of the credit will be based on the following factors:

- The number of jobs the business will create or retain in this state.
- The compensation paid or proposed to be paid by the business to its employees, including wages and fringe benefits.
- The amount of investment in this state by the business.
- The extent of unemployment or poverty where the business is located.
- The incentives available to the business in this state, including incentives from the state, local government, and other entities.
- The incentives available to the business in other states.
- The duration of the business’ proposed project and the duration the business commits to remain in this state.
- The overall economic impact in this state of the business.
- The strategic importance of the business to the state, region, or locality.
- The opportunity for future growth and expansion in this state by the business.
- The extent to which the anticipated benefit to the state exceeds the projected benefit to the business from the tax credit.

Q3. When and how can businesses apply for the California Competes Credit?

A3. GO-Biz anticipates beginning to accept applications during the first quarter of 2014. More details will be available in the coming months.

Q4. How much in tax credits will be available each year?

A4. The tentative amount of credits that can be allocated by GO-Biz is as follows:

- \$30 million in fiscal year 2013/14
- \$150 million in fiscal year 2014/15
- \$200 million in each fiscal year 2015/16 through 2017-18.

Q5. Will small businesses be able to apply for the credit?

A5. Yes, not only will small businesses be able to apply for the credit, 25 percent of the amount of the credits available each year will be specifically reserved for small businesses (gross receipts of less than \$2 million).

Q6. Is there a limit on the amount of credit allocated to a single employer?

A6. Yes. In each fiscal year, no more than 20 percent may be allocated to any one taxpayer.

Q7. Is the California Competes Credit the only component of Governor Brown's Economic Development Initiative?

A7. No, in addition to the California Competes Credit, the Governor's Economic Development Initiative (GEDI) provides a sales tax exemption and a hiring credit that will be administered by the Board of Equalization and the Franchise Tax Board respectively. More information about the GEDI can be found here:

<http://www.business.ca.gov/Portals/0/AdditionalResources/Reports/CA%20Economic%20Development%20Initiative.July%202013.pdf>